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**COLE, RAYWID & BRAVERMAN, L.L.P.**

ATTORNEYS AT LAW

SECOND FLOOR

1919 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20006-3458

(202) 659-9750

ALAN RAYWID  
(1930-1991)

OF COUNSEL  
FRANCES J. CHETWYND  
ELLEN S. DEUTSCH

FACSIMILE  
(202) 452-0067

INTERNET  
WWW.CRBLAW.COM

WRITER'S DIRECT DIAL  
202-828-9857

WRITER'S E-MAIL ADDRESS  
TZETERBERG@CRBLAW.COM

April 20, 2000

JOHN P. COLE, JR.  
BURT A. BRAVERMAN  
ROBERT L. JAMES  
JOHN D. SEIVER  
WESLEY R. HEPLER  
PAUL GLIST  
DAVID M. SILVERMAN  
JAMES F. IRELAND, III  
MAURITA K. COLEY  
STEVEN J. HORVITZ  
CHRISTOPHER W. SAVAGE\*\*  
ANN FLOWERS  
ROBERT G. SCOTT, JR.  
SUSAN WHELAN WESTFALL  
THERESA A. ZETERBERG  
KARLYN D. STANLEY  
JOHN DAVIDSON THOMAS  
JOHN C. DODGE  
JEREMY H. STERN  
MARIA T. BROWNE  
DONNA C. RATTLEY  
EDWARD L. DONOHUE\*\*\*  
FREDERICK W. GIROUX  
GEOFFREY C. COOK  
THOMAS SCOTT THOMPSON  
ADAM S. CALDWELL\*\*\*  
WILLIAM F. BLY°  
SANDRA GREINER GIBBS  
CHRISTIN S. MCMELEY  
SARA J. KIERNAN°  
HEIDI C. PEARLMAN  
ERIK J. CECIL\*  
BRENDA J. BOYKIN  
ROBERT JYSTAD°  
DAVID N. TOBENKIN\*\*  
RACHAEL A. GALOOB  
LAURA G. SCHLOSS  
BRIAN M. JOSEF\*  
KEVIN C. HALM\*  
TERENCE S. COOKE\*\*\*\*  
CHRISTOPHER W. HEMBREE\*

\* ADMITTED IN OKLAHOMA ONLY  
\*\* ADMITTED IN FLORIDA ONLY  
° ADMITTED IN CALIFORNIA ONLY  
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\*\*ALSO ADMITTED IN CALIFORNIA  
\*\*\* ALSO ADMITTED IN MARYLAND  
\*\*\*\* ALSO ADMITTED IN VIRGINIA

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APR 20 2000  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re:    Notice of Permitted Ex Parte Contact**  
**WT Docket No. 97-82**

Dear Ms. Salas:

The purpose of this letter is to advise the Commission of a permitted *ex parte* contact in the above-referenced proceeding. On April 19, 2000, John Dolan (President and CEO) and Steve Curtin (Vice President of Business Development) of Northcoast Communications, LLC ("Northcoast"), Michael Kletchko (Senior Account Manager) of Nortel Networks Wireless Solutions and the undersigned met jointly with Ari Fitzgerald of Chairman William Kennard's office to discuss the issues raised in the Petition for Reconsideration filed on April 4, 2000 by US WEST Wireless LLC and Sprint Spectrum L.P. in the referenced proceeding, in addition to the record established in response the Public Notice DA 00-191.<sup>1</sup> Northcoast is a qualified

<sup>1</sup> Public Notice DA 00-191, released February 3, 2000.

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Magalie Roman Salas  
April 20, 2000

designated entity that holds 49 D, E and F block broadband PCS licenses and opposes any attempt to eliminate the designated entity rules for the July 26, 2000 C and F block reauction.

Specifically, the attendees discussed Northcoast's opposition to the various requests to waive or eliminate the FCC's designated entity rules for the upcoming reauction. The discussion focused on the ability of designated entities to raise sufficient capital to build out major markets, the current cost to designated entities of building out broadband PCS systems in major markets, the number of designated entities that presently are interested in acquiring spectrum in major markets, and issues relating to the efficient use of spectrum. The attached presentation outline was also left with Mr. Fitzgerald.

Please contact the undersigned if you have any questions about this matter.

Respectfully yours,



Theresa A. Zeterberg

Cc: Ari Fitzgerald

# Northcoast Communications LLC

- Northcoast has most of the critical resources to compete in major markets today.
  - Financing from vendors and Wall Street
  - Cost effective 2.5G CDMA equipment
  - Lower cost of operations
- Missing is additional spectrum in existing and additional cities.

# CDMA 2.5G Provides Competitive Advantage

- As compared to analog, TDMA, GSM or even CDMA equipment being installed this year, 2.5G CDMA equipment:
  - Is smaller and lighter
  - Up to 20 times more spectrally efficient
  - As much as 50% lower in capital cost to acquire and 95% lower in capital cost to install
  - Has a 20% lower operating cost

# Funding is Readily Available

- Northcoast has the financing to compete
  - Vendors
    - Nortel, Lucent, Ericsson & Motorola
  - Banks
    - Barclays, ABN Amro and Chase
  - Investment Banks
    - Bear Stearns, Morgan Stanley, DLJ, and others

# CDMA 2.5G Has Lower Site Preparation Capital Costs

Analog	TDMA	CDMA 2.5 G
\$150-\$250K	\$150-\$250K	\$5K

# CDMA 2.5G is more spectrally efficient than other technologies

Analog	TDMA/GSM	CDMA 2.5 G
1 conversation	3 conversations	20 conversations

# So Why Do the Large Carriers Want to Change The Rules

- Rule changes diminish competition from new products, new companies and new technologies
- Diminishes the amount of money they will spend on spectrum
- Avoids expensive upgrade of antiquated infrastructure



# Changing DE Rules Minimizes 700MHz Auction Revenues

- Large carriers asked for delay in 700 MHz auction in order to clarify their bidding eligibility for C and F Block auctions
- They will bid less aggressively in the 700 MHz auction if they believe they can get C Block spectrum
- This will lower the amount of Revenues derived from the 700MHz auction

# Competitors not using spectrum efficiently today

- Cellular providers operate two networks in each market; one analog & one digital
- Still selling analog phones in major markets
- Still using analog phones to roam into major markets
- Not willing to invest in converting existing networks to modern, cost effective, spectrally efficient digital networks
- Less expensive to purchase new spectrum

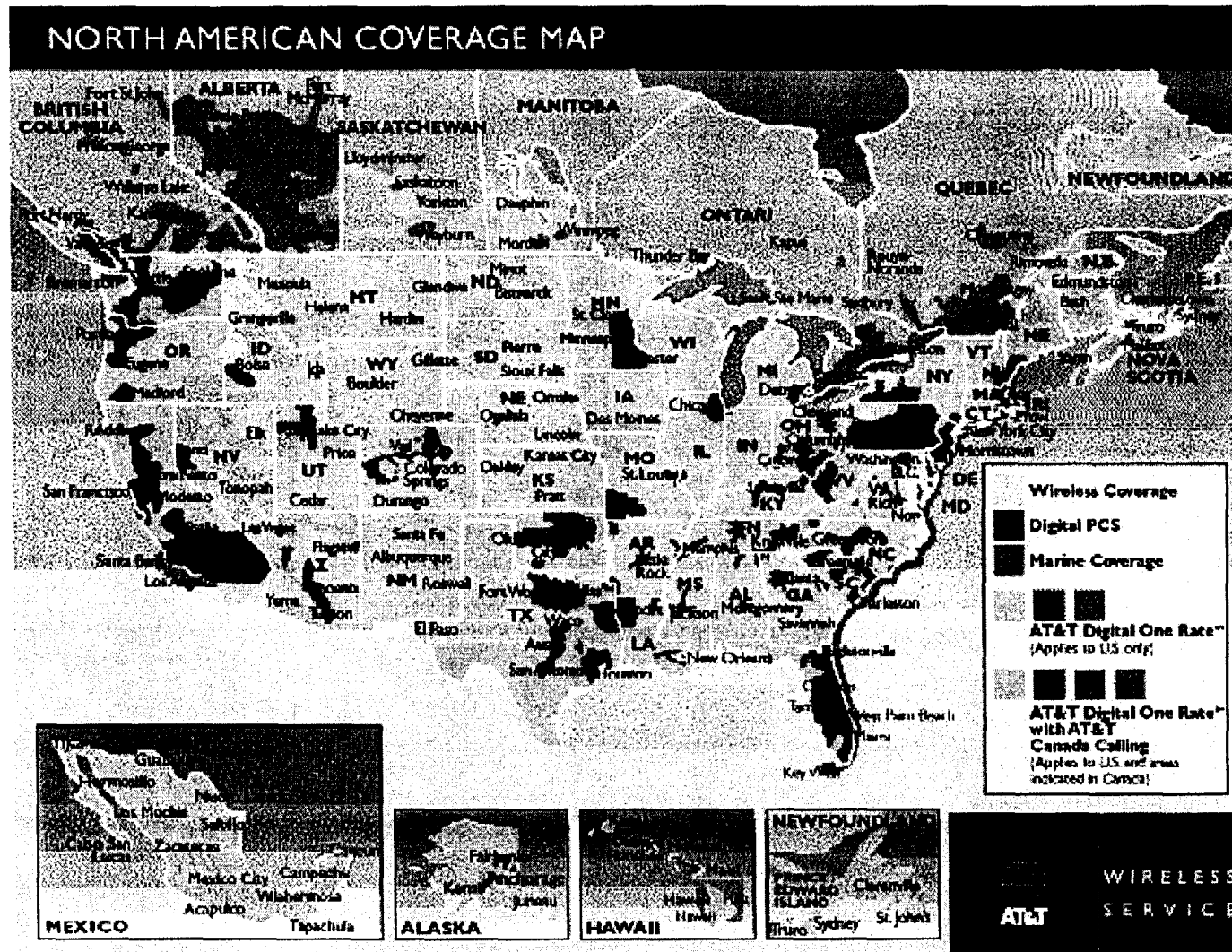
# Changing Rules Diminishes Competition

- Eliminates viable companies from gaining access to a critical resource required to compete -- Spectrum
- Sending Wireless Industry back to the era of the Duopoly
- Makes it harder to acquire other critical resources such as financing

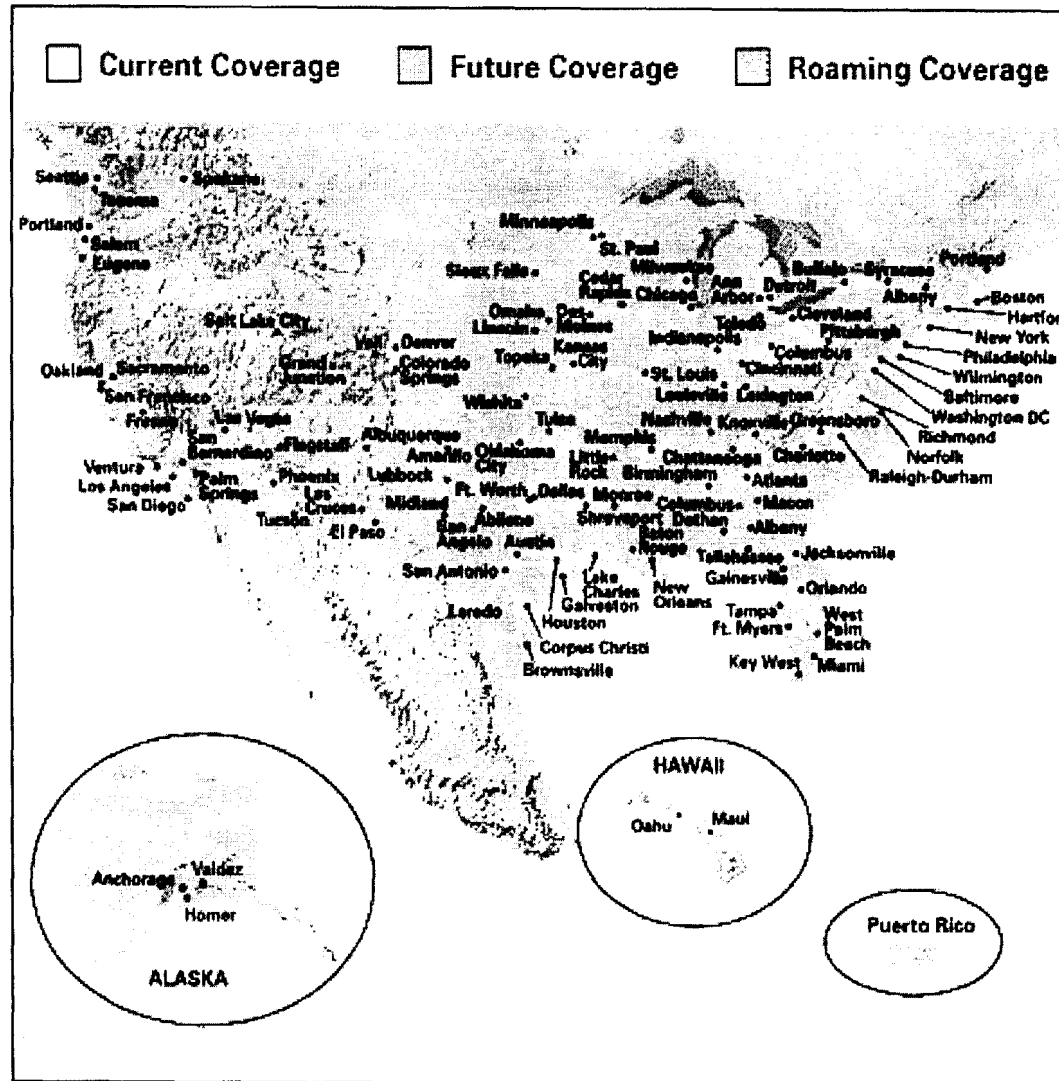
# Changing Rules Will Hurt the Taxpayers

- DE's are the companies bringing new and innovative communications services
- DE's are lowering the cost of wireless services to taxpayers today
- DE's are bringing digital services to rural America and smaller markets

# Competitors Not Building Digital In Rural Markets – AT&T



# Competitors Not Building Digital In Rural Markets – Sprint



# Rule Changes are Urged to Stifle Competition

- New equipment is more capital effective
- New equipment is more spectrally efficient
- New carriers have lower operating costs
- New carriers have differentiated products
- Entrenched carriers want to take away our spectrum so that they do not have to compete with us!

# Driven to Extinction

- Dinosaurs
- High Sulfur Coal for Power
- Detroit's Gas Guzzlers
- Analog, TDMA, and GSM
- Northcoast?



# Conclusion

- Northcoast is current on it's debt payments to the FCC
- Northcoast is in compliance with the build out requirements of our licenses
- Northcoast is bringing a new generation of services to unserved market segments
- Please do not stifle our growth